MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **31 October 2014**

Quarterly Activities Report – 30 September 2014

HIGHLIGHTS

Symons Hill *(MAT 100%)*

- *Line clearing almost complete to allow high powered deep penetrating EM survey to commence with ability to detect massive sulphides to a depth of >700m below surface,*
- *Diamond and RC drilling continues to intersect comparable geology to the host sequence at Nova-Bollinger at SHG02, SHG03, SHG10 and SHG11*
- *A sulphide source for VA11 was confirmed by drilling which increases the possibility that similar conductor VA15, at SHG02, also reflects a sulphide source*

Killaloe Joint Venture *(MAT 80%; CUL 20%)*

- *Assays from recently completed diamond drill programme awaited*
- *Ni sulphides confirmed by petrography to be the source of anomalous Ni (**1.35m @ 0.54% Ni** from 93.35m) in 14KLDH01 core*
- *Recognised Ni sulphide specialist concludes that the komatiite suite in HWG drillholes includes channel–way rocks present in the ultramafic sequence, a key component in Kambalda style Ni sulphide systems*
- *Ni sulphide mineralisation intersected at HWG prospect in 14KLDH02:*

  ***1.6m @ 0.36%** Ni from 106.3m*

  ***1.6m @ 0.55%Ni** from 109.7m*

  *Including **0.55m @ 0.91% Ni** from 110.75m*

- *Ni sulphide intercepts in 14KLDH02 are separated by a 1.8m of core loss because of geological conditions, which means that the downhole width of mineralisation could be up to 5m*

Minigwal *(Matsa 100%)*

- *A broad 3.5 km x 2 km gold target with a peak Au value of 21 ppb Au was defined at Minigwal (Target MLG08) by infill auger sampling. Aircore drilling planned to test the source of this anomaly.*

Corporate

- *Cash and liquid assets approximately $10 Million.*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

7.95 million @ $0.40 - $0.43

Top 20 shareholders

Hold 50.91%

Share Price on 30 October 2014

18 cents

Market Capitalisation

$25.95 million

Head Office: Suite 11, 139 Newcastle Street, Perth Western Australia 6000 **Tel**: +61 8 9230 3555 Fax: +61 8 9227 0370
Bangkok Office: Unit 1808, Pacific Place 2, 142 Sukhumvit Road, Klongtoey, Bangkok 10110 **Tel**: +66 0 2653 0258 **Fax**: +66 0 2653 0258
reception@matsa.com.au www.matsa.com.au

INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX:MAT) is pleased to report on its exploration and corporate activities for the quarter ended 30 September 2014.

Background information about the methods and data used in compiling this report, are attached as Appendix 1 as required under the JORC 2012 Code.

COMPANY ACTIVITIES

SYMONS HILL PROJECT – Matsa 100%

E69/3070 of 96km^2 is located within the Fraser Range Tectonic zone, 6kms SSW of Sirius Resources Ltd's (ASX:SIR) Nova-Bollinger nickel/copper discoveries.

Activities during the quarter included:

- High power, deep sounding ground EM survey commissioned and line clearing underway
- Diamond and RC drilling; and
- Aircore drilling along proposed Nova-Bollinger haul road.

High Power EM Survey

Matsa recently announced a contract for commencement of a regional, high powered (150-200A) EM survey over the majority of the Symons Hill Project, with line clearing almost completed. The survey will be carried out using newly developed, state of the art equipment which has the potential to explore for massive sulphide deposits of Nova-Bollinger type, to a depth of >700m below surface.

The survey has been designed to test three successive, prioritised areas with the highest priority assigned to favourable structural/stratigraphic locations based on interpretation of gravity, aeromagnetic, geochemical and drilling data.

The immediate focus will be the previously defined VA15 EM conductor which remains untested by drilling. The new survey method is expected to greatly improve definition/resolution of this target for drilling. Drilling of VA15 will be planned in accordance with the survey results.

It is anticipated that validated field data will be available for interpretation by Matsa's geophysical consultants within a week of acquisition and final interpreted results available to Matsa within 3 days after that. This rapid turnaround of results means Matsa could act on any positive findings within a short timeframe.

This programme will incorporate a significant research and development component arising from collaboration between the survey contractor Outer Rim Exploration (ORE) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in development of new EM sensor and transmitter technologies.

Diamond and RC drilling

A diamond and RC drilling programme commenced in June 2014 to test high priority targets mostly within Ni anomalous mafic and ultramafic granulites of the Gloucester Corridor.

Drilling under this programme comprised the following:

- 4 diamond drillholes for 480m of RC pre-collars and 792m of NQ diamond core
- 23 RC drillholes for 4,481m of drilling was completed.

Drilling was mainly focused on high priority targets within the nickel anomalous Gloucester Corridor including targets SHG02, SHG03, SHG04, SHG11, EM Targets VA1, VA2, VA11 and IP targets IP01 and IP02. These targets

and SHG10 which is located outside the Gloucester Corridor have high potential for associated Ni-Cu sulphide mineralisation (Figure 1).

Assay results were received during the quarter for all remaining diamond and RC drillholes from the recently completed drilling programme at Symons Hill *(MAT announcements to ASX on 31st July 2014 and 29th September 2014).*

Key results include (Figure 1):

- Diamond drillhole 14SHDD06 intersected sulphide mineralisation in the form of disseminated chalcopyrite and pyrite (**3.20m @ 0.4% Cu** from 455-458.2m) in veined and fractured felsic granulites. This mineralised intercept coincides with the modelled position of EM conductor target VA11 thereby confirming a sulphide source.

- Target IP anomalies defined at SHG02 and SHG03 and tested by drillholes 14SHDD03 and 14SHDD04 respectively are not sulphide related. They are possibly caused by deep weathering and the presence of saline groundwater.

- RC drilling to a maximum depth of 250m intersected elevated nickel values up to 0.2% Ni in fresh mafic/ultramafic granulites at SHG02, SHG03 and SHG11.

- RC drillholes between 120m and 250m depth intersected elevated Ni values up to 0.1% Ni in fresh mafic/ultramafic granulites at SHG04, SHG07 and SHG10.

- Drilling to date appears to confirm that the near surface geology is similar to that seen above the Nova-Bollinger Ni sulphide deposits.

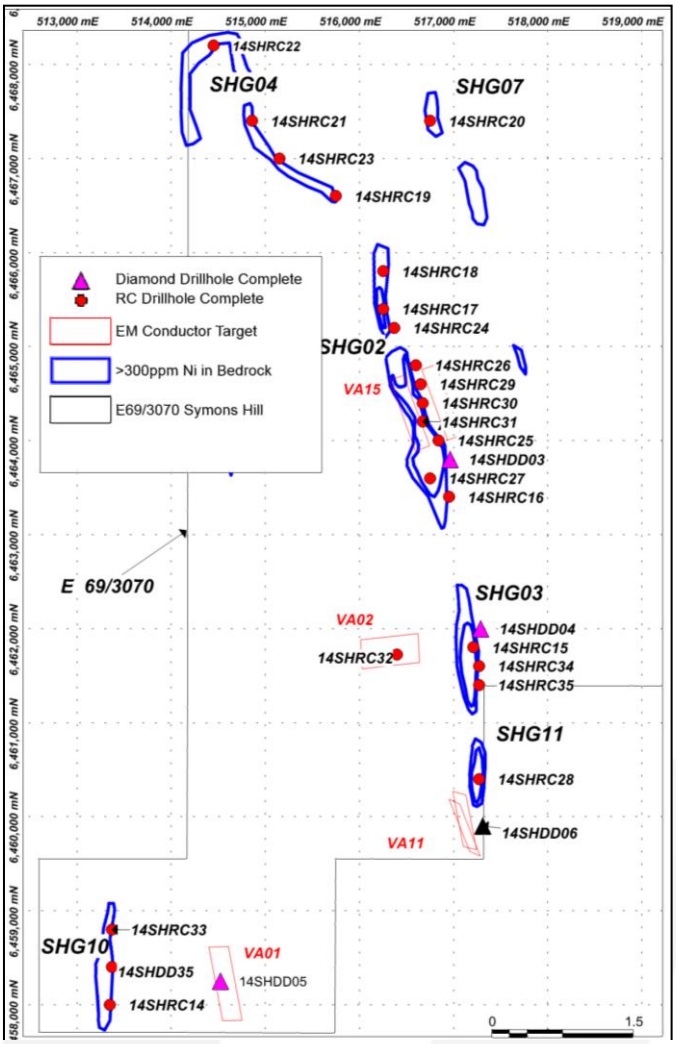


Figure 1: ***Diamond and RC Drilling Symons Hill***

Aircore Drilling - Nova Bollinger Haul Road

A mixed RAB and aircore programme was completed by Sirius Resources at no cost to Matsa, as part of the Sirius/Matsa access agreement. The programme was carried out within Matsa's Symons Hill project area along the proposed haul road to Nova. A total of 126 RAB and 42 aircore holes were drilled for 3,601m and 1,593m, respectively (Figure 2). Sampling and assay protocols are included in Appendix 1.

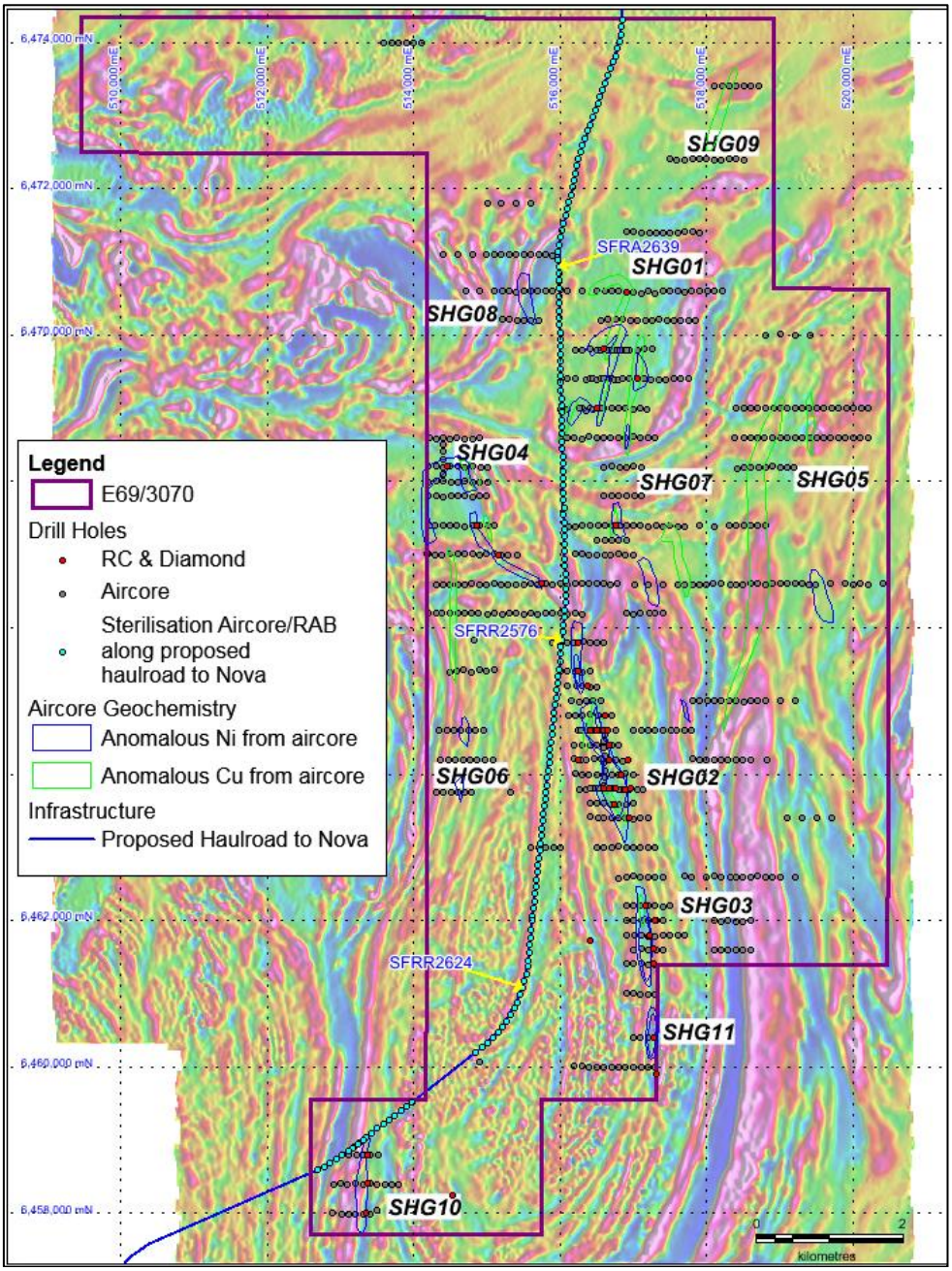


Figure 2: Symons Hill Project, RAB aircore drilling along proposed Nova Bollinger haul road

Key results from the RAB/Aircore drilling programme included (Table 1):

- Aircore drillhole SFRA2639 located on the eastern edge of SHG08 returned an intercept of 1m @ 0.088% Ni and 0.1% Cu in the bottom of drillhole sample which supports elevated Ni results in nearby aircore holes drilled by Matsa. Further RAB/aircore drilling is proposed to follow up this highly anomalous intercept to determine continuity of the Ni-Cu anomaly in weathered bedrock.

- RAB drillhole SFRR2576 which is located within Matsa's nickel rich Gloucester Corridor returned an intercept of **15m @ 0.1% Ni**.

- Very shallow (7m) RAB drillhole SFRR2624 which is located within interpreted felsic granulites close to the centre of the Symons Hill Dome, returned an intercept of 3m @ 0.13% Cu from surface. This represents a new and potentially significant copper target and it is proposed to carry out infill soil sampling in the area to determine the extent of the Cu anomaly.

Hole ID	Depth From	Depth To	Ni_ppm	Cu_ppm	Co_ppm	Cr_ppm
SFRA2639	54	55	876	1025	148	252
SFRR2576	16	31	1037	86	80	837
SFRR2624	0	3	7	1353	18	16

*Table 1: **Symons Hill Key Aircore Intercepts – Proposed Nova Bollinger Haul Road***

MT HENRY GOLD PROJECT JOINT VENTURE – Matsa 30%, Panoramic 70%

The Mt Henry JV tenements cover 77km^2 and are located south of Norseman in Western Australia. Panoramic is undertaking a Bankable Feasibility Study (BFS) on the Mt Henry Gold Project.

The final stages of feasibility work has involved obtaining updated capital and operating cost estimates for a 3Mtpa processing plant. The updated costs are in line with previously supplied estimates.

Recent metallurgical test work using site water has raised some issues on the leaching and recovery of gold in cyanide solution due to the high saline composition of the water compared to Perth scheme water, which was used for previous test work. The release of the Mt Henry BFS is now waiting further test work on the impact of site water on recovery levels.

KILLALOE PROJECT - Matsa 80%, Cullen 20%

The Killaloe project comprises tenements as summarised in Figure 3 and is a joint venture between Matsa and Cullen Resources Limited. Exploration under the joint venture is managed by Matsa.

During the quarter exploration comprised the following:

Western Ultramafic Belt (WUB)

- Petrographic confirmation of Ni sulphides at HWG
- Diamond Drilling HWG Prospect
- Downhole EM
- Field and drill core review by Consultant Dr MJ Gole

Eastern Ultramafic Belt

- Develop Ni sulphide targets
- Soil Sampling

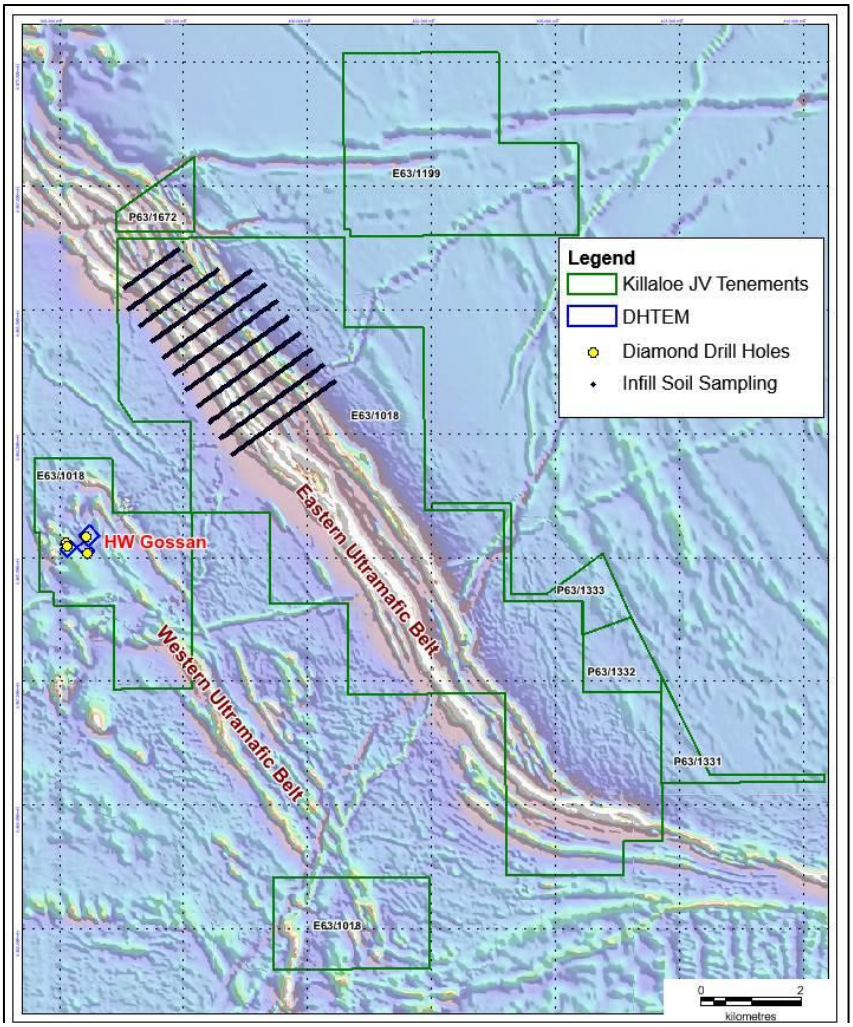


Figure 3: ***Killaloe Project Summary***

Western Ultramafic Belt (WUB)

Petrographic confirmation of Ni Sulphides at HWG:

Petrography carried out on semi-massive sulphides intersected in Stage 1 diamond hole 14KLDH01 (93.15m – 93.35m) shows sulphides consist of pyrite marcasite, violarite (oxidised Ni sulphide) and chalcopyrite (Figure 4).

The Company's petrographic consultant, Townend Mineralogy, noted:
"The pyrite, marcasite and violarite are secondary sulphides from the supergene zone that are the alteration products of underlying primary pyrrhotite and pentlandite. The chalcopyrite remains as an unaltered primary sulphide. The iron nickel sulphide assemblage plus some primary chalcopyrite is typical of WA komatiite ores above 120m".

This provides confirmation of classic Kambalda type sulphide mineralogy and the prospectivity of the HWG prospect *(MAT announcement to the ASX 30th September 2014).*

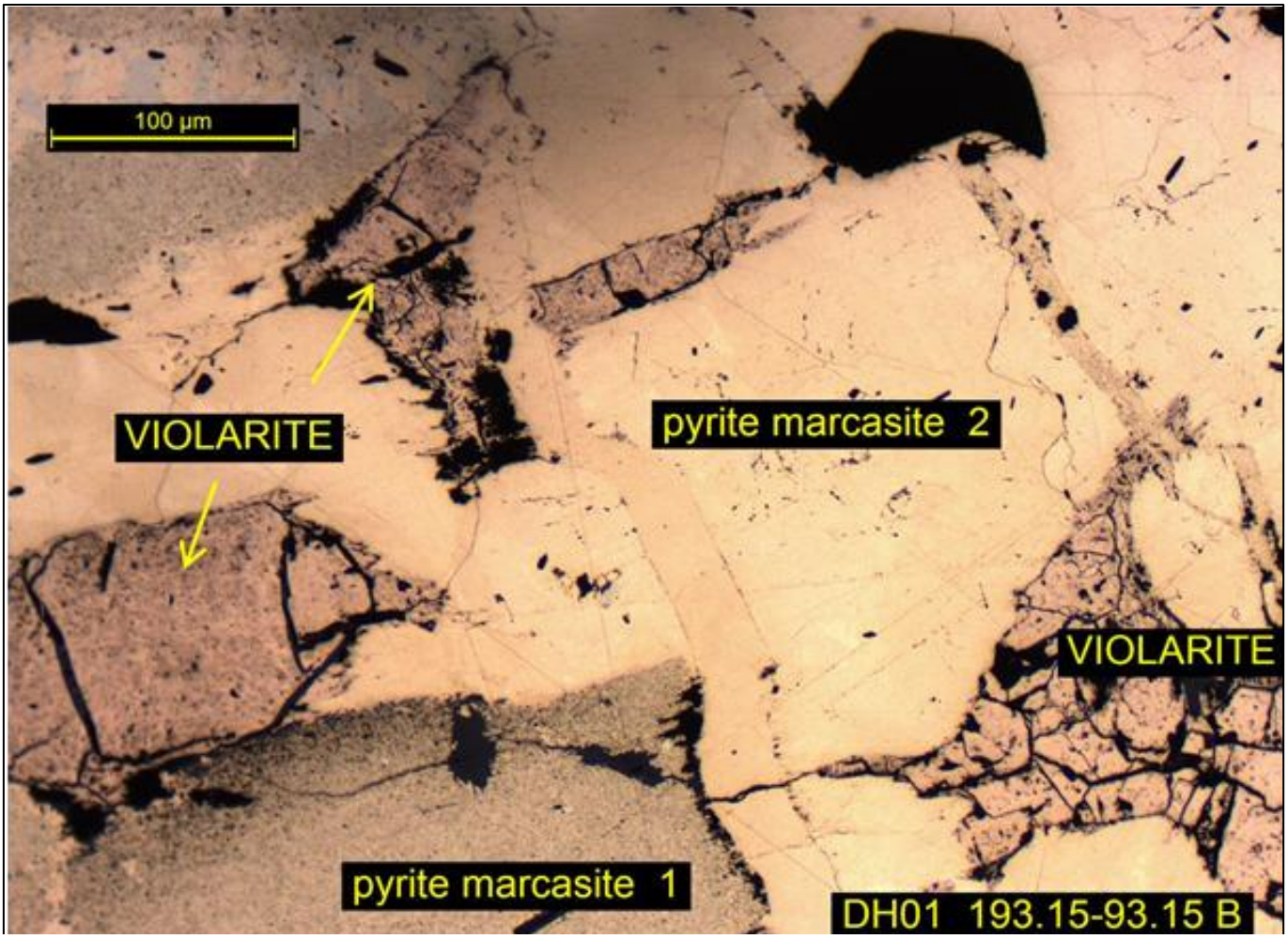


Figure 4: Polished slide photo of 14KLDH01: 93.15m – 93.35m

Diamond Drilling Programme:

Diamond drilling during the quarter was carried out to follow up Ni sulphide intercepts in Stage 1 diamond drillhole 14KLDH01, which partly coincide with a high priority MLTEM conductor at the HWG prospect. The HWG prospect is located within a complexly deformed suite of ultramafic and mafic rocks which have been mapped as part of the Western Ultramafic Belt (WUB). The ultramafic rocks containing Ni sulphides are a suite of komatiite lavas and this relationship strongly supports potential for Kambalda style nickel sulphide mineralisation at Killaloe.

This diamond drill programme was carried out in two campaigns termed Stage 2 and 3 (Figure 5, Table 2):

- Stage 2 diamond drilling comprised a programme of 3 holes (14KLDH02 – 14KLDH04) for a total of 1,026.7m targeting strong well defined FLTEM conductors which were interpreted to reflect extensions to massive sulphide mineralisation associated with the anomalous Ni values reported in Stage1 diamond drillhole 14KLDH01. Drillhole 14KLDH02 was drilled 90m along strike from the previously reported intersection of **1.35m @ 0.54% Ni** from 93.35m in 14KLDH01 at the interpreted basal contact between komatiite lava and underlying basalt (Figure 1). Diamond holes 14KLDH03 and 14KLDH04 targeted two deeper EM plates which were interpreted as representing massive sulphides at the base of the ultramafic sequence. Both holes were collared in gabbro which overlies the komatiite sequence in the target area.

- Stage 3 diamond drilling was carried out to test conductors detected by downhole EM surveys of 14KLDH02 and 14KLDH03. This programme consisted of a 167.2m depth extension of 14KLDH02 and a new drillhole 14KLDH05. The extension to 14KLDH02 targeted a highly conductive (10,000-15,000S) conductor approximately 120m beyond the original end of hole. 14KLDH05 targeted a highly conductive (7,500-12,500S) off-hole DHEM anomaly approximately 50m northeast of 14KLDH03.

The prospective ultramafic rocks at HWG are interpreted from aeromagnetic data, to plunge towards the SE where they are overlain by more mafic rock types such as gabbro and metabasalt (Figure 5, 6). As such, drillholes 14KLDH01 and 14KLDH02 were collared in ultramafic rocks while deeper holes 14KLDH03, 14KLDH04 and 14KLDH05 were collared in gabbro overlying the ultramafic sequence.

Sample intervals were marked up onto NQ drill core to as closely as possible reflect observed geological boundaries, with a maximum sample interval of 4m. Core was submitted for sampling and assay to Intertek Genalysis Kalgoorlie, where split ¼ core was sampled for assay using a 4 acid digest and MS – ICP assay technique *(Sampling and assay protocol announced in MAT announcement to the ASX dated 4th September 2014).*

Hole ID	Stage	East (GDA97)	North (GDA97)	Depth (m)	RL (m)	Dip (deg)	Azimuth (deg)
14KLDH02	2 and 3	395163	6460218	397.2	312	-57.3	63.3
14KLDH03	2	395552	6460086	349	307	-72.9	259.8
14KLDH04	2	395533	6460421	447.7	297	-66	231.1
14KLDH05	3	395557	6460082	341	297	-85	300

***Table 2:* HWG prospect Diamond Drill Hole Summary Killaloe**

Stage 2 Drilling Results

Summary geological logs for all diamond drillholes are presented in Appendix 2. A summary of the better assays received for Stage 2 during the quarter is presented in Table 3.

Drilling intersected a suite of ultramafic and mafic rocks which are interpreted to be a sequence of komatiite lavas and associated intrusions with key points about each drillhole briefly described below:

- **14KLDH02** intersected highly anomalous Ni values including **0.55m @ 0.91% Ni** from 110.75m, which occur in sheared cumulate textured komatiite lava and coincide with the modeled depth of the target EM conductor. Mineralisation is associated with strongly disseminated sulphide mineralisation dominated by pyrrhotite, pyrite that extends for 5m downhole from 106.3m. **This intercept includes a significant width of unrecovered core due to geological conditions between 107.9m - 109.7m.**

- **14KLDH03** intersected a metasomatised, brecciated and strongly sulphidic contact between gabbro and ultramafic komatiites at 199.4m which corresponds to the modelled depth of the EM Conductor. Highest nickel values (up to 0.41% Ni) were obtained below the target EM conductor in a sulphidic shale unit within the komatiite sequence at a depth of 274.8m (Table 3).

- **14KLDH04** passed through gabbro with intermittent komatiite bands to a depth of 400m which coincides with the modelled depth of the target EM conductor. At this depth the drillhole passed into komatiites with minor sulphidic shales to a final depth of 447m. A brecciated variably sulphide rich komatiite unit containing disseminated pyrrhotite, sphalerite and chalcopyrite was intersected between 191.65m to 221.1m which coincides with significantly elevated Ni values up to 0.32% Ni (Table 3).

Hole ID	m from	m to	Ni_ppm	Cu_ppm	Co_ppm	Zn_ppm	Broader Intercept
14KLDH02	106.3	107	**4043**	592	249	58	1.6m @ 0.36% Ni
	107	107.9	3224	395	211	61	
	107.9	109.7	**1.8m No Recovery, Lost Core.**				
	109.7	110.35	**4744**	1015	352	79	1.6m @ 0.55% Ni Including 0.55m @ 0.91% Ni
	110.35	110.75	1745	304	161	80	
	110.75	111.3	**9100**	1536	1130	83	
14KLDH03	189	190	2027	214	136	198	
	190	191	2391	432	195	99	
	191	192	2196	272	152	51	
	192	192.5	2185	201	138	44	
	194.7	195.75	2285	531	285	194	3.5m @ 0.22% Ni
	197.8	198	3198	291	489	352	
	209.1	209.3	2031	134	304	147	
	210.5	211.5	2188	1001	276	94	
	213.95	214.55	2070	415	198	75	
	277.8	282	2283	108	124	182	
	282	286	**4148**	90	200	124	
	286	287.6	2707	124	119	107	9.8m @ 0.31% Ni
	319.2	321.05	2070	27	86	100	
14KLDH04	172	174	2157	63	105	69	
	176	180	2031	62	110	66	
	200.8	203.85	3200	124	167	61	
	205	207	2079	98	137	63	
	207	209	2234	104	152	69	4m @ 0.22% Ni
	213	215	2935	170	162	136	
	215	216.85	2285	112	134	207	3.85m @ 0.26% Ni
	422.65	423.2	2078	67	137	169	

*Table 3: **HWG Prospect Diamond Drilling Stage 2 Assay Summary. (Assays on depth extension of KLDH02 awaited)***

Stage 3 Drilling Results

Stage 3 was completed during October 2014 and assay results are awaited.

Downhole Surveys:

Downhole surveys on Stage 2 drillholes were carried out by a contract geophysical crew from Outer Rim Exploration (ORE) with modelling and interpretation of results by Southern Geoscience Corp.

A summary of results is presented below with key targets shown in Figure 5.

- **14KLDH02:** Modelling confirmed the presence of a highly conductive (~10,000-15,000S) and discrete conductor beyond the current EOH. The associated source is sub-vertical to steep NE and consequently the drillhole was extended to 400m depth to test the target.

- **14KLDH03**: A moderate in-hole anomaly located at 195m - 205m downhole is centred below and south-southeast of the drillhole. A local in-hole anomaly of limited dimensions is present at 275m-285m downhole. Refined modelling has confirmed the presence of a highly conductive (7,500-12,500S) off-hole source situated 250m-255m downhole and 50m ENE of the hole. The associated source appears to be shallow dipping/plunging and was tested by Stage 3 diamond drillhole 14KLDH05 from the same collar location.

- **14KLDH04:** A moderate in-hole anomaly is centred at 405m-415m downhole. In late channels a strong, complex off-hole anomaly is apparent between 350m and EOH. The source is highly conductive (15,000-20,000S) and of reasonable areal size situated just west of the hole. The source may correspond to extensions of graphitic shales noted in logging.

Stage 3 Diamond Drilling

The Stage 3 depth extension to **14KLDH02** intersected minor sulphides within ultramafics at 231m and a unit of spinifex and coarse grained olivine harrisite ultramafic from 329.2m-338.7m. Graphitic shales were intersected at 357m-364m, corresponding to the EM target depth before the hole ended in ultramafics. All contacts appear structural rather than primary. At Kambalda, harrisite occurs as a characteristic component of lava channel way rocks and is consequently interpreted to be an important indicator for the presence of potential nickel sulphide bearing lava channels.

As expressed by Dr MJ Gole, a world ranked Ni sulphide expert: *"At Kambalda such rocks occur as a layer only within channel ways where they link laterally to spinifex-texture flow tops outside the channel. This is further evidence of the presence within the area of holes 14KLDH01, 02 and 04, of a lava channel way (i.e. potentially an ore-bearing and ore focusing structure)"*. This unit will be a key target for ongoing exploration.

14KLDH05 was collared in gabbro and overlies faulted blocks of basalt, ultramafic and graphitic shales, corresponding to the modelled location of the target DHEM conductor.

Field and drill core review:

A detailed field inspection and review of diamond drill core was carried out during Stage 3 diamond drilling by Dr Martin Gole. The objective was to compare the Ni sulphide bearing komatiite sequence at HWG, with economic deposits at Kambalda and elsewhere. Dr Gole was also engaged to develop new drill targets. The review consisted of:

- Detailed core logging of all diamond holes (14KLDH01 – 14KLDH05);
- Field inspection of outcrops at HWG; and
- Provide high level technical support to Matsa's geology team in understanding komatiite-hosted Ni sulphide deposits.

The review concluded that the rock types and geology intersected in the drilling are a close analogue to the Kambalda sequence although numerous faults and shears are present which complicate the process of reconstructing the local stratigraphic sequence. The presence of magmatic sulphide minerals (emphasised by coincident elevation of Ni, Cu and Co) was confirmed, in some cases at or close to contacts between ultramafics and underlying basalt.

A significant finding was that channel – way rocks, a key component in Kambalda style Ni sulphide systems are present in the ultramafic sequence. Channel – way rocks were identified on the basis of chemical (olivine orthocumulates with low Cr, high MgO and high Ni values) and textural (presence of distinctive harrisite layers) as well as certain key textures. The thickest intersections of channel - way rocks are located in 14KLDH01, 14KLD02 and 14KLD04.

Low order DHEM anomalies detected in the upper part of 14KLDH02 may correspond to faulted locations of the komatiite channel facies rocks between 171.3m–225.8m.

Ongoing Programme at HWG:

Diamond drilling has confirmed magmatic Ni sulphides in basal ultramafic/basalt contacts and channel facies rocks within komatiite sequence at the HWG prospect. **This has given Matsa great confidence in the potential for a Kambalda style nickel ore body.**

Matsa is currently developing conceptual drill targets at the base of the ultramafic sequence which plunges towards the SE beneath overlying mafic gabbro (Figure 6).

Work in progress includes:

- Detailed geological mapping;
- Downhole EM surveys on Stage 3 diamond holes;
- Sample and assays on Stage 3 diamond core; and
- Integrate mapping, with geology and assay data from drilling and DHEM to develop robust Ni sulphide targets at or close to the base of interpreted channel flow sequences (Figure 6).

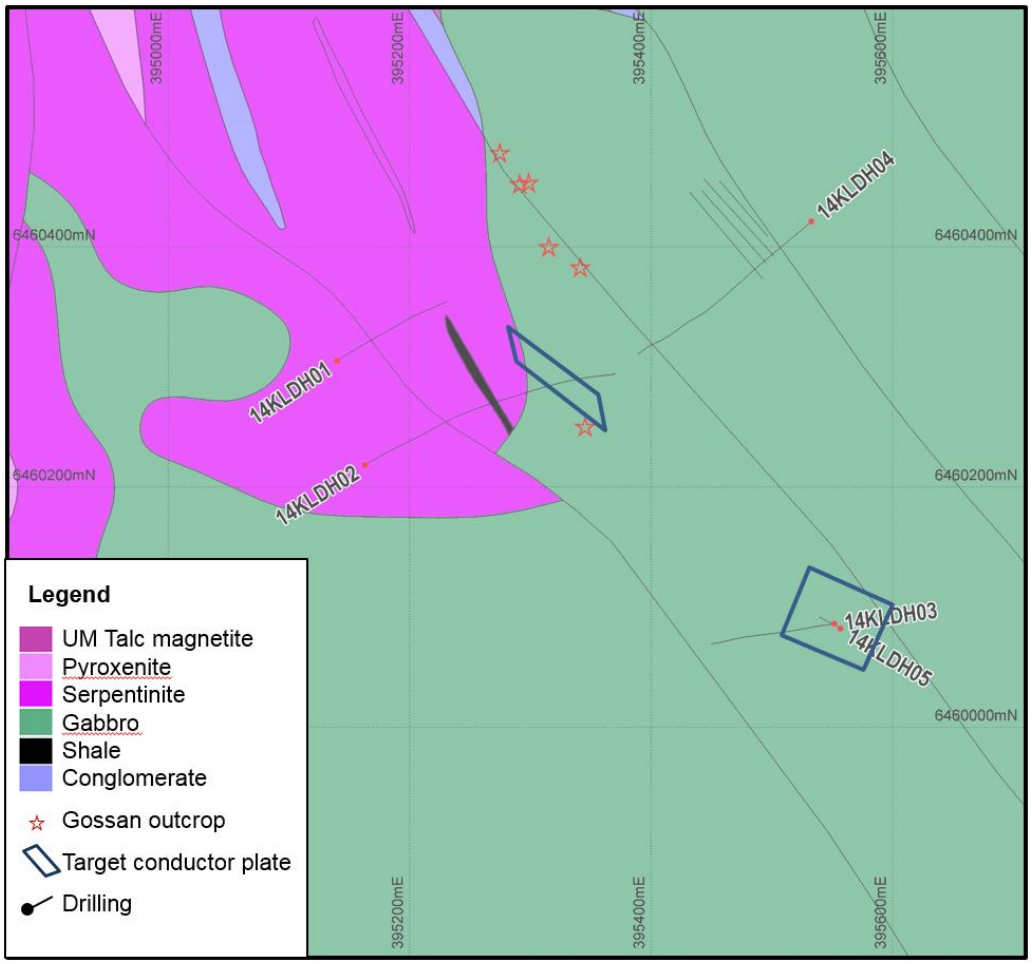


Figure 5: ***HWG Prospect Killaloe Drilling and Target Summary***

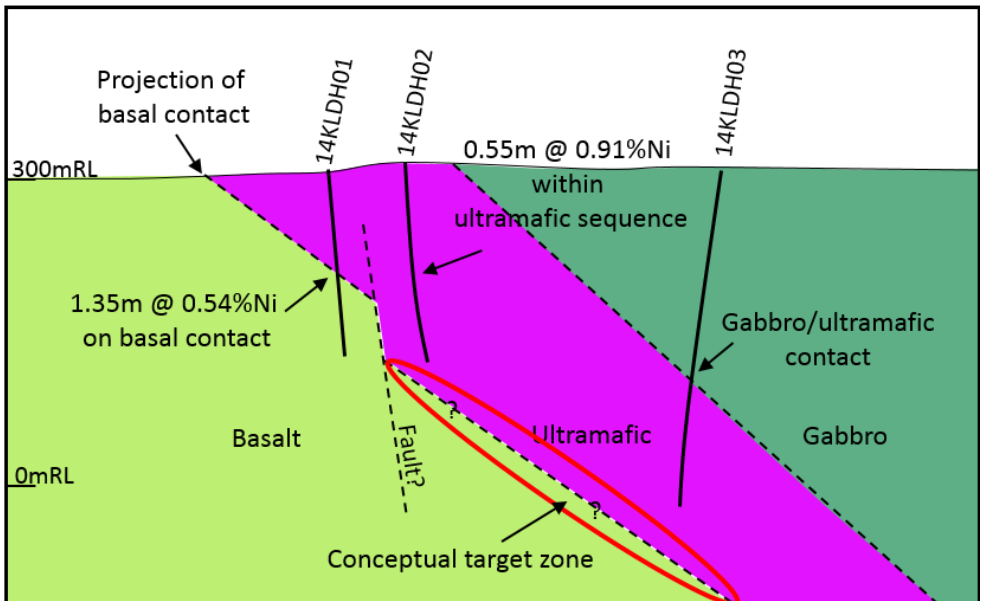


Figure 6: ***HWG Prospect Conceptual Target***

Eastern Ultramafic Belt (EUB)

The eastern ultramafics are a well-defined belt of komatiite lavas, mafic rocks and interbedded metasedimentary rocks including sulphidic black shales, which can be seen on aeromagnetic data to extend over a strike extent of 18km over the Killaloe project area.

The Taipan komatiite hosted nickel sulphide deposit discovered recently by Sirius Resources is located along strike of the EUB around 9km NW of the Killaloe project. Past exploration for nickel and gold over the Killaloe project commencing in the 1960's has left an extensive legacy database comprising geological mapping, aeromagnetic and EM surveys, surface sampling and drilling. Significantly historic drilling has been relatively sparse, dominated by shallow (<100m depth) percussion and RAB drilling with a few shallow RC holes and virtually no diamond drill holes.

There are a number of exploration targets for gold and nickel in the EUB which remain untested or with only limited work carried out.

The following was carried out during the quarter (Figure 3):

- Merging, reprocessing and modelling high resolution aeromagnetic data by Southern Geoscience Corp;
- Structural targeting study for gold and nickel mineralisation carried out by consultants Sinistral International;
- Soil sampling targeting nickel sulphide mineralisation in komatiite lavas along the interpreted basal contact of the EUB along its western margin; and
- Soil sample assays using hand held XRF.

Results are currently being evaluated with the objective of defining high priority exploration targets for nickel and gold for follow up surface sampling and drilling.

Minigwal Gold and Nickel Project

Minigwal project tenements comprising a mix of Exploration Licence and applications over an area of 1025km^2 located directly between the St George Minerals Cambridge project and Impact Minerals Mulga Tank project. First pass auger sampling completed for ~900 samples during the previous quarter identified several gold and Ni geochemical anomalies including two potentially significant gold anomalies >2km in extent.

Infill Auger Sampling (Figure 7):

Infill auger was carried out during the quarter at Minigwal to further define the several gold anomalies and one nickel anomaly delineated by wide spaced reconnaissance auger sampling beneath the windblown sand cover in the previous quarter. Infill sampling was carried out on a 200m x 200m grid by Prodrill WA Pty Ltd for a total of 902 samples.

Samples from gold anomaly infill (MLG01-MLG09), were submitted to ALS in Perth for aqua regia digest and analysis by ICP-MS.

Samples from nickel anomaly infill (MG01) were submitted for multi-element analysis on the -80 mesh fraction by both handheld PXRF and by aqua regia digest, and analysis by ICP-OES and ICP-MS. A brief statistical summary of ICP-MS and handheld PXRF results is presented in Table 4.

Gold Targets

MLG01 – Peak Au value 15ppb Au defined by infill sampling over an area roughly 1.8km x 1.6km flanking the southern part of an interpreted intrusive.

MLG02 – Peak Au value 10ppb Au within anomaly defined over 0.5km along the eastern part of interpreted intrusive complex.

MLG03 – Peak Au value 8ppb Au as small 0.5km anomaly located along the NE flank of the same interpreted intrusive complex as MLG01.

MLG04 – Peak Au value 11ppb Au defines a narrow 0.5km NW trending elongated target open to the SE.

MLG05 – Peak Au value 18ppb Au within a 0.4km oval shaped anomaly located along inside of the southern limb of the hair-pin fold in aeromagnetic data.

MLG06 – Peak Au value of 14ppb Au, defining 1km E-W trending anomaly along the northern limb of the hair-pin fold.

MLG07 – Peak Au value 24ppb Au within a 0.6km anomaly close to sub-cropping Banded Iron Formation (BIF) along the southern limb of the hairpin fold structure.

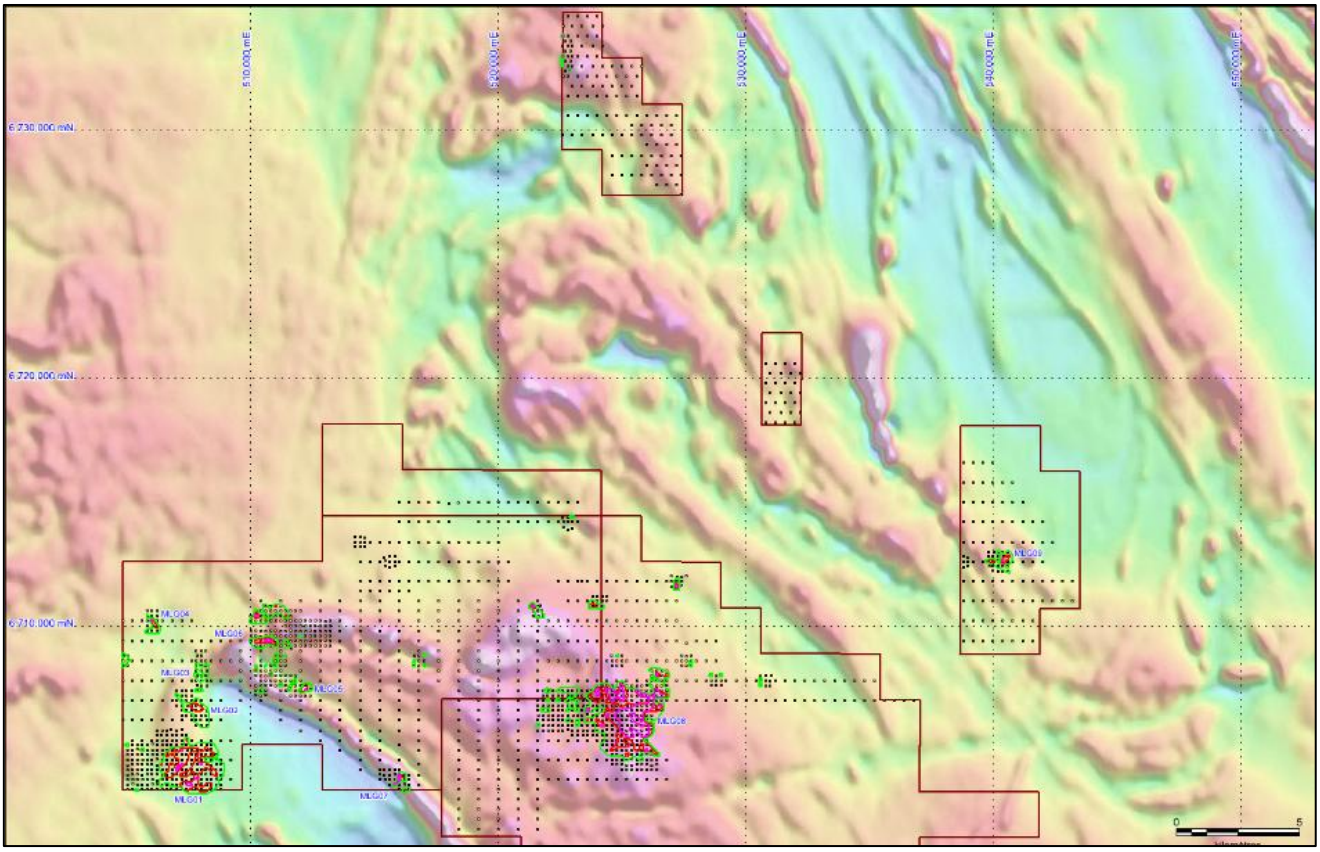


Figure 7: Minigwal Infill Auger Sampling Summary

MLG08 – Large 3.5km x 2km, well defined gold anomaly with a peak Au value of 21ppb over the eastern part of an 8km wide semi-circular/arcuate complex structural interpreted from aeromagnetic data as a dome (Figure 7). The area around the peak magnetic trend of this target shows better Au values. Aircore drilling planned to test the source of this anomaly.

MLG09 – Peak Au value of 13ppb Au within a 1km wide 6ppm Au anomaly.

E39/1707 - Three single sample anomalies along the western edge of E39/1707 were identified by the regional survey including a value of 79ppb Au. Additional infill auger sampling is proposed to define these targets better.

	Au_ppb	Cu_ppm	Ni_ppm
	Aqua Regia digest ICP-MS	Handheld PXRF	Handheld PXRF
Assay Count	1771	73	73
Minimum	<1	16	30
Maximum	79	52	186
Mean	3.78	31	69
75 percentile	5	35	76
90 percentile	9	38	111
95 percentile	10	42	129

Table 4: Minigwal Auger Sampling Assay Summary

MG01 Nickel target

MG01 is defined by maximum value of 186ppm Ni along a 2km E-W trending zone coinciding with the northern limb of a hairpin fold. This anomaly is also well supported (peak value 52ppm Cu) well by Cu values. Aircore drilling on a few lines at 50m spacing is recommended to test this anomaly and its geology.

Corporate

Matsa retains approximately $10M in cash and liquid investments at 30 September 2014. The Company lodged its annual report during the quarter and has scheduled its annual general meeting of shareholders for 26 November 2014.

For further Information please contact:

Paul Poli
Executive Chairman

Frank Sibbel
Director

Phone +61 8 9230 3555
Fax +61 8 9227 0370
Email reception@matsa.com.au
Web www.matsa.com.au

Exploration results

The information in this report that relates to Exploration results is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1 - *Matsa Resources Limited*

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	<u>Killaloe</u> Diamond drilling of EM conductor targets. Total of 4 diamond drill holes for 1535m. Orientation depending on trend of modelled conductor. A total of 495 geochemical soil samples were collected. <u>Symons Hill</u> Sterilisation RAB/AC drilling every 100m along planned haul road to Nova for 16km within E69/3070. Total of 126 RAB holes and 42 AC holes for 3601m and 1593m, respectively <u>Minigwal</u> Auger soil drilling consisting of 902 samples.
	Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Drill hole collars and surface geochemical sample locations are picked up using hand held GPS and recorded onto database. Drill hole samples are logged for lithological description and sampling carried out using Matsa procedures. Surface geochemical samples were logged for soil material type, colour and landform. The sterilization RAB/AC logging and sampling was carried out by Sirius Resources and employed under their own protocols and procedure.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Diamond core are HQ3 and NQ2 size, sampled accordingly to geological intervals (0.2 to 4m), cut into quarter core to produce sample weights up to 3kg. Sample preparation involved crushing, drying and pulverizing 3kg to produce 1g of sample for 4 acid digest and then measured using ICP-OES. RAB/AC are sampled using 4m composite samples and a separate 1m end of hole sample. Sample weights are typically under 3kg. Sample preparation involved drying and pulverizing 3kg to produce 1g of sample for aqua regia digest and then measured using ICP-OES. Precious metals assaying (Au, Pd & Pt) are done by Pb Fire Assay with ICP-MS finish. For augers and soil samples, samples are screened using 1.5mm sieve to produce a sample under 300g. Sample preparation involved drying and

Criteria	JORC Code explanation	Commentary
		pulverizing 300g to produce 1g of sample for aqua regia digest and then measured using ICP-OES and ICP-MS. For Au, 25g is used for Aqua Regia digest with ICP-MS finish. Sample for Hand held XRF analysis. The samples, either in calico bag or geochem paper bag, are air dried. Once dried samples are sieved through an 80-mesh (180 microns) screen. The powdered sample is pressed into a standard assay vessel as supplied by Choice Analytics specifically for use with handheld XRF equipment.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Core drilling carried out by Frontline drilling using a track-mounted Desco 7000 diamond drill rig. HQ triple tube was drilled from surface till competent rock was encountered, the hole were completed with NQ2. Core is oriented using Reflex ACT II RD digital core orientation tool. RAB/AC drilling along the proposed haul road to Nova was performed by Raglan Drilling and supervised by Sirius Resources personnel. Infill auger sampling (Minigwal) carried out by Prodrill WA Pty Ltd using a six-wheeled Toyota Landcruiser ute-mounted auger drill.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Core recovery is determined against the recovered length of core compared to the drilled interval written on the core blocks. Core recovery for the diamond holes were greater than 95%. RAB/AC recoveries are logged visually as a percentage.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond drill contractor employed additives to maximize core recovery, especially when drilling through soft and broken ground. (Taken from SIR ASX 29 Oct 2014) RAB/AC samples are collected by plastic bag directly onto the ground in rows of 10, with sufficient space to ensure no sample cross-contamination occurs. Drill cyclone and sample buckets are cleaned in between rod changes and after each hole to minimize down hole and/or cross-hole contamination.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Not determined at this stage.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geologic and geotechnical logging carried out on the core. Logging recorded as qualitative description of colour, lithological type, grain size, structures, minerals and alteration.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	All cores are photographed using a digital camera in both wet and dry state.

Criteria	JORC Code explanation	Commentary
	The total length and percentage of the relevant intersections logged.	All drill holes are logged in their entire length.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Cores were sawn and quarter split prior to sampling at Intertek lab in Kalgoorlie. The contractor is provided with a cut sheet for sampling intervals.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RAB/AC samples were collected using scoop or spear method directly from bulk drill samples. Samples taken were both wet and dry. Soil Samples comprise approximately 300g of -1.5mm bulk soils collected between a depth of 10 and 30cm and they are taken dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Standard lab sample preparation process includes drying, crushing and pulverizing.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Not carried out because laboratory QA QC procedures are regarded as sufficient at this stage. Sirius RAB/AC drilling – certified reference materials are inserted at the rate of 1:25.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	For diamond drill holes, no field duplicates used. Sirius RAB/AC drilling – field duplicates have taken at the rate of 1:20. For hand held XRF, duplicate readings taken at the rate of 1:20.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample size is appropriate for the targeted mineralization style.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	For core samples, multi-element assaying employing four acid digest (mixture of hydrofluoric, nitric, perchloric and hydrochloric acids) with ICP-OES finish. This method is considered near total. Sirius haul road RAB/AC - 4m composite samples are analysed using Aqua Regia digest and limited multi-element assay with ICP-OES finish. Analysis for Au is 10g Aqua Regia digest with ICP-MS finish. This method is considered partial. RAB/AC bottom of hole samples are analysed using four acid digest and a full suite (60 elements) with ICP-OES and ICP-MS finish. This method is considered near total. Precious metals (Au, Pt & Pd) are determined using 25g Fire Assay with ICP-MS finish. This is a total assaying technique. For auger samples, they are analysed using Aqua Regia digest and full suite

Criteria	JORC Code explanation	Commentary
		multi-element assay with ICP-OES and ICP-MS finish. Analysis for Au is 25g Aqua Regia digest with ICP-MS finish. This method is considered partial.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Olympus Innovx Delta Premium (DP4000C model) handheld XRF analyser. Reading times employed was 90 sec/beam for a total of 270 sec using Soil Mode.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	For core samples, not carried out because laboratory QA QC procedures are regarded as sufficient. Handheld XRF QAQC includes use of duplicates, standards and blanks.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Matsa Group Exploration Manager verified all significant intersection results.
	The use of twinned holes.	There are no twin holes drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Data entry carried out by field personnel thus minimizing transcription or other errors. Trial plots in field and rigorous database procedures ensure that field and assay data are merged accurately.
	Discuss any adjustment to assay data.	No adjustments were made to the assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill collars are surveyed by modern hand held GPS units with accuracy of 5m which is sufficient accuracy for the purpose of compiling and interpreting results.
	Specification of the grid system used.	Grid system used is MGA 94 Zone 51.
	Quality and adequacy of topographic control.	Topographic control 2-5m accuracy using published maps or Shuttle Radar data is sufficient to evaluate topographic effects on assay distribution.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	For diamond drilling at Killaloe, drill hole was dependent on the conductor target location, please refer to map diagram. Soil sampling at Killaloe was collected on a 400m x 50m grid. The sterilisation RAB/AC was at every 100m for the 16km stretch of the planned haul road to Nova with E69/3070. Auger sampling at Minigwal was carried out on a 200m x 200m grid.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Not applicable at this stage.

Criteria	JORC Code explanation	Commentary
	Whether sample compositing has been applied.	RAB/AC drill samples are laid directly on the ground in 1m intervals in sequence, scoop sampling each of four consecutive sample piles and compositing them into a single sample. For each drill hole, a bottom of hole sample is collected as a single 1m sample.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	At Killaloe, diamond drill hole is oriented perpendicular to target and at a high angle to the modeled EM conductor. At Symons Hill, all RAB/AC were drilled vertically.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Not established at this stage.
Sample security	*The measures taken to ensure sample security.*	Sampling intervals marked up on core accompanied by separate printed cutting interval sheet. Core trays secured with straps on a pallet for transport to the core cutting contractor in Kalgoorlie. RAB/AC sampling on planned haul road to Nova was managed by Sirius.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Not carried out at this stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Killaloe Cullen Exploration owns the tenements and Matsa has farmed in to the Killaloe Project and has earned 80% interest in the project after spending $500,000 in exploration costs. The project consists of 2 ELs and 4 Prospecting licenses. The Project is Located on Vacant Crown Land. The project is located within Native Title Claim No. 99/002 by the Ngadju people. A heritage agreement has been signed and exploration is carried out within the terms of that agreement. Symons Hill EL69/3070 which is owned 100% by Matsa Resources Ltd. Located on Vacant Crown Land. The License intersects the buffer zones of the Fraser Range and Southern Hills PEC's Exploration to be managed in accordance with a Conservation Management Plan. The project is located within Native Title Claim by the Ngadju people. A heritage agreement has been signed and exploration is carried out within the terms of that agreement. Minigwal EL39/1707, E39/1708, E39/1716 and E39/1735 comprising the Minigwal Project is owned 100% by Matsa Resources Ltd. All are located on Vacant Crown Land. Parts of E39/1708 and E39/1716 area is under Kurrku Claims.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	All Matsa tenements are in good standing and no known obstacle exists.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Killaloe Significant past work has been carried out by other parties for both Ni and Au exploration including, surface geochemical sampling, ground electromagnetic surveys, RAB, AC, RC and DD drilling. Symons Hill

Criteria	JORC Code explanation	Commentary
		Prior work carried out by GSWA in the form of wide spaced helicopter based soil sampling and acquisition of 400m line spacing magnetic and radiometric data. In the late 90s, Gold Partners NL has carried out few wide-spaced aircore drilling on one line along the southeast portion of the tenement. No anomalous assay results have been reported. Minigwal Prior work carried out by GSWA in the form of wide spaced helicopter based soil sampling and acquisition of 400m line spacing magnetic and radiometric data.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Killaloe Target is Kambalda style Ni hosted in ultramafic rocks within the project. Symons Hill The target is Nova style Ni Cu mineralization hosted in high grade mafic granulites of the Fraser Complex Minigwal The targets are gold mineralization hosted in greenstone belts as well as Ni-Cu mineralization within ultramafic/komatiite bodies.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Coordinates and other attributes of drillholes are included in Table ?
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Exploration results are weight average where applicable, no cut-off grade applied.

Criteria	JORC Code explanation	Commentary
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	RAB/AC samples are 4m composites or 1m singles if at bottom of hole (refusal depth)
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable at this stage
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	All intercepts reported are measured in down hole metres.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Suitable summary plans have been included in the body of the report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Not required at this stage.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All related exploration information are included in the main body of the report
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Included in the main body of the report.

Appendix 2: HWG Diamond Drilling Summary Geology Logs (m)

14KLDH01	
0 - 92.7	Ultramafic
92.7 - 94.5	Mineralised Ultramafic
94.5 - 126.1	Basalt
126.1 - 144.4	Ultramafic
144.4 - 165.5	Basalt
165.5 - 198.5	Ultramafic
14KLDH02	
0 – 87.8	Ultramafic
87.8 – 95.4	Basalt
95.4 – 112.7	Ultramafic
112.7- 125.0	Basalt
125.0 – 129.0	Ultramafic Schist
129.0 – 159.7	Basalt +/- sediment
159.7 – 230.3	Ultramafic
230.3 – 231.0	Mineralised Ultramafic
231.0 – 252.2	Ultramafic
252.2 – 357.7	Ultramafic +/-shale
357.7 – 364.4	Shale
364.4 – 396.2	Ultramafic
14KLDH03	
0 - 188.4	Gabbro
188.4 - 254.2	Ultramafic
254.2 - 349	Ultramafic with minor shales
14KLDH04	
0 - 169.4	Gabbro
169.4 - 187.8	Ultramafic
187.8 - 197.1	Gabbro
197.1 - 203.9	Ultramafic
203.9 - 215.0	Dolerite?/fault
215.0 - 221.2	Gabbro +/- shales
221.2 - 399.4	Gabbro
399.4 - 401.6	Mafic + Qtz
401.6 - 407.6	Shale
407.6 - 447.7	Ultramafic/Mafic +/- Shales
14KLDH05	
0 - 193.9	Gabbro
193.9 - 267.8	Basalt
267.8 - 277.7	Ultramafic
277.7 - 279.8	Basalt
279.8 - 280.4	Ultramafic
280.4 - 281.7	Basalt
281.7 - 286.4	Ultramafic
286.4 - 288.3	Shale
288.3 - 347.8	Ultramafic

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

MATSA RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
48 106 732 487	30 September 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,656)	(1,656)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(669)	(669)
1.3	Dividends received	220	220
1.4	Interest and other items of a similar nature received	11	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(2,094)	(2,094)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(563)	(563)
	(c) other fixed assets	(26)	(26)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	1,028	1,028
	(c) other fixed assets	7	7
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Security deposits refunded/(paid)	103	103
	Net investing cash flows	549	549
1.13	Total operating and investing cash flows (carried forward)	(1,545)	(1,545)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,545)	(1,545)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(18)	(18)
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	Net financing cash flows	(18)	(18)
	Net increase (decrease) in cash held	(1,563)	(1,563)
1.20	Cash at beginning of quarter/year to date	2,626	2,626
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	1,063	1,063

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	155
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	918
4.2	Development	-
4.3	Production	-
4.4	Administration	500
	Total	1,418

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	770	1,453
5.2	Deposits at call	196	1,173
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	966	2,626

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Norseman (WA) E63/1348	Direct	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

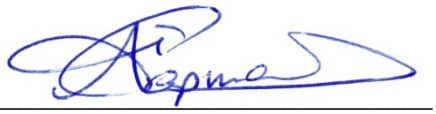
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference** +**securities** *(description)*	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+**Ordinary securities**	144,156,779	144,156,779		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+**Convertible debt securities** (*description)*	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		900,000	Unlisted	$0.40	12 September 2015
		5,500,000	Unlisted	$0.43	30 November 2015
		625,000	Unlisted	$0.40	30 September 2015
		925,000	Unlisted	$0.40	30 September 2016
		1,000,000		Nil – subject to vesting criteria	30 November 2015
	Performance Rights				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	350,000	Unlisted	$0.31	12 August 2014
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(totals only)*	Nil			

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2014

(Company secretary)

Print name: Andrew Chapman

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==